

May: industry +15.2%, construction -4.9%

Author: ČTK | Published: 19.07.2011

Czech construction output in May fell by 4.9%, after April decrease of 6%. The number of completed dwellings in May dropped by 18.8% whereas the number of started dwellings increased by 6.4%.

“Construction industry is still suffering from weak domestic private and public investment,” said ČSOB analyst Petr Dufek. According to him, a hint of improvement is evident in housing, but the outlook for the next month is not encouraging. Mr Dufek expects an overall decline in construction output at around five percent this year. “It will be the third year of decline in a row,” he added. According to the economist Šichtařová of Next Finance, the decline is also caused by permanent people’s fears of debt and thus lower interest in mortgages. “Gradual increase is expected only during year 2013, we hope that during 2012 the decline will at least stop. But it will depend on the composition of the budget and governmental pro-growth measures in the coming years. The current trend of savings without the necessary investments doesn’t contribute to improving situation in the construction industry,” Václav Matyáš, President of the Czech Association of Building Entrepreneurs, commented on the results.

Industrial production in the Czech Republic sharply accelerated growth to 15.2% in May after the April increase of 4.7%. The growth rate exceeded all expectations, carmakers/automakers contributed most to the outcome. Still, domestic demand is very poor, says Markéta Šichtařová. Global economy is also slowing down the growth rate. German industry, as the largest purchaser of Czech industry, also is also slowing down slightly, which is negatively reflected in the production of Czech industry, “Due to these conditions, we expect yearly growth of Czech industry at around 8.5% this year.”

19.07.2011 10:09, ČTK